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RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
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UNCLAS KYIV 000105

SENSITIVE
SIPDIS

STATE FOR EUR/UMB, EEB/TPP/MTAA/ABT
COMMERCE FOR CLUCYK

E.O. 12958: N/A

TAGS: ECON EAGR UP

SUBJECT: UKRAINE: VERKHOVNA RADA OVERTIDES VETO OF LAND SALE
MORATORIUM

REFS: A. 2009 KYIV 2172 B. KYIV 0068

SENSITIVE BUT UNCLASSIFIED

¶1. (U) Summary. Ukraine's parliament, the Verkhovna Rada, overturned President Yushchenko's veto of the bill extending the moratorium on the sale of agricultural land until January 1, 2012. In a widely expected move, the Rada confirmed its decision to formally put agricultural land sales on hold for two more years. The extension of the moratorium benefits large agricultural companies and land speculators to the detriment of small farmers, who have no choice but to lease their land for low rents. End summary.

¶2. (U) As predicted (Ref B), the Parliament of Ukraine on January 19 overturned President Yushchenko's veto of the law extending the moratorium on sales of farmland until January 1, 2012. Several attempts to overturn the veto during the morning session failed, and the matter was sent to the Committee for Agricultural Policy and Land Relations for consideration. During the afternoon session, the parliamentary deputies returned to the issue and gathered enough votes to overturn the veto in the fifth round of voting (three during the morning session, two in the afternoon). The moratorium was upheld by the Party of Regions (151 votes), Bloc of Yulia Tymoshenko (151 votes), Our Ukraine (16), Communists (27), Bloc of Lytvyn (20) and 1 unaligned deputy (366 votes out of 466 total).

¶3. (U) Even had the moratorium expired, land sales would still have been stalled. Valeriy Bevzenko, Chairman of the Committee for Agricultural Policy and Land Relations, stated that required legislation on land market regulation and creating a registry would not be ready for another five or six years. As a result, he expects the moratorium to be extended again in 2012.

¶4. (SBU) Comment. This consecutive extension of the agricultural land sale moratorium plays into the hands of large agricultural companies and land speculators. Farmers, unable to sell their property, lease the land to large farm holdings while receiving low monthly payments for the use of their property. Legislation needed to end the moratorium is unlikely to be passed any time soon and lacks support in the Rada. End comment.
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